

Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SIL-01 FRB-03 DODE-00 PA-01

USIA-06 PRS-01 EUR-12 AGR-05 FEA-01 /090 W

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P R 121047Z MAR 75

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 2869

INFO AMEMBASSY BANGKOK

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E.O. 11652: N/A

TAGS: ECONWI LA

SUBJECT: WEEKLY ECONOMIC SITUATION REPORT (MAR 5-11)

1. TOTAL FOREIGN EXCHANGE SOLD THROUGH BANKS DURING WEEK ENDING MAR 7 WAS \$653,000, COMPARED WITH PREVIOUS WEEKLY AVERAGE FOR CY 1975 OF \$459,000. OF FX SOLD, 65 PERCENT WAS FOR PETROLEUM PRODUCTS.

2. THE FREE MARKET RATE FOR DOLLARS FLUCTUATED CONSIDERABLY LAST WEEK, RISING MAR 8 TO A RATE (BUYING RATE) OF OVER 1,500 KIP PER DOLLAR, THEN DECLINING DURING PERIOD MAR 9-12. ON MAR 12 MERCHANTS AND OTHER FX DEALERS WERE BUYING DOLLARS FOR APPROXIMATELY 1,400 KIP PER DOLLAR AND SELLING FOR 1,450 KIP, DOWN FROM 1,480 BUYING AND 1,530 SELLING ON MAR 5. BAHT WAS BEING BOUGHT FOR 6,900 KIP PER 100 BAHT, SELLING FOR 7,150 PER 100 BAHT. FACTORS BEHIND SIGNIFICANT DECLINE IN RATE NOT ALTOGETHER CLEAR, THOUGH REPORTEDLY PRIMARY FACTOR WAS RUMOR IN BUSINESS COMMUNITY THAT PGNU WOULD SOON BE TAKING MEASURES THAT WOULD RESULT IN LOWER FREE MARKET RATE.

3. USAID COST-OF-LIVING INDEX ROSE (2.1 PERCENT) DURING PAST
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WEEK, REFLECTING PRIMARILY PRICE INCREASES IN WHITE RICE, FISH,

EGGS, AND SUGAR. USAID INDEX ON MAR 10 SHOWED FOLLOWING INCREASES:

	PERCENTAGE INCREASE SINCE	
	MAR 3	END CY 74
GENERAL INDEX	2.1	7.4
RICE INDEX	1.4	11.3
NON-RICE INDEX	2.3	6.4

4. RECENT DEVELOPMENTS IN LAO EFFORTS TO OBTAIN ADDITIONAL FOREIGN ASSISTANCE INCLUDE:

A. SALES BY LAO GOVERNMENT ORGANIZATION (COMMITTEE TO RECEIVE AND DISTRIBUTE FOREIGN AID) OF CEMENT RECEIVED FROM NORTH VIETNAM BEGAN ON MAR 10. APPLICATION FORMS MUST FIRST BE SUBMITTED BY INDIVIDUALS TO DIRECTORATE OF COMMERCE. SALES BY PRIVATE RETAILERS OF COMMODITIES FROM NORTH VIETNAM WERE AUTHORIZED AT CABINET

MEETING ON MAR 5, THOUGH SUCH SALES HAVE NOT YET BEGUN. PGNU WILL ALLOW PRIVATE RETAILERS A 10 PERCENT PROFIT MARGIN, THOUGH PRESUMABLY MERCHANTS WILL HAVE TO LIMIT RETAIL PRICE TO THOSE PRICE CEILINGS ESTABLISHED BY GOVERNMENT (SEE VIENTIANE 1625).

B. SWEDISH GRANT AID OF 10 MILLION KRONER (APPROX \$2.3 MILLION) TO BE COMPRISED OF FOLLOWING (MILLIONS OF KRONER): MEDICINES AND HOSPITAL EQUIPMENT, 3.9; FOOD (CANNED FISH AND MEATS), 1.2; AGRICULTURAL TOOLS, 1.3; TOOLS FOR CONSTRUCTION (TOOL KITS, SAWS, NAILS), 1.9; TRANSPORTATION AND INSURANCE TO HAIPHONG, UNFORESEEN EXPENSES AND GENERAL RESERVE FOR PRICE INCREASES, 1.7 (SEE TOAID A-67).

5. LOCAL PRESS COVERAGE OF ECONOMIC PROBLEMS OF LAOS HAS BEEN MORE EXTENSIVE THAN USUAL DURING PAST SEVERAL WEEKS. IN PARTICULAR, A NUMBER OF ARTICLES HAVE APPEARED ON SMUGGLING OF COMMODITIES BETWEEN THAILAND AND LAOS, ESPECIALLY THE ILLICIT MOVEMENT OF PETROLEUM PRODUCTS FROM LAOS TO THAILAND. AS REPORTED IN LOCAL PRESS, MAJORITY OF POL BEING SMUGGLED TO THAILAND IS BY UNORGANIZED INDIVIDUALS EACH CARRYING SMALL AMOUNTS.

6. DECONTROL FOLLOWING 3/12/76.
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WHITEHOUSE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975VIENTI01755
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750086-0568
From: VIENTIANE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750356/aaaabyos.tel
Line Count: 108
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 18 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 JUL 2003 by CunninFX>; APPROVED <22 JUL 2003 by GolinoFR>
Review Markings:

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Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WEEKLY ECONOMIC SITUATION REPORT (MAR 5-11)
TAGS: ECON, LA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006